

POLICE & FIRE PENSION INVESTMENT BOARD

MAY 25, 2006

Members present: Mark Westphalen, Michael Donnelly, Gerry Finnegan, Randall Case, Brad Thavenet, Mark Meyerson (Chair), Greg Sorensen, Don Herz, Don Taute,

Personnel Dept.
Resource Staff: Paul Lutomski, John E. Cripe

Others present: Max Callan, Todd Peterson

Educational sessions were presented to Investment Board members from 10 a.m. to noon.

From 10 a.m. to 11 a.m. attorney Nicole Davenport of "Chitwood, Harley, Harnes, LLP" presented information and answered questions regarding Fiduciary Responsibilities of Public Pension Trustees and specifically fiduciary responsibilities of the City of Lincoln Police & Fire Pension Fund Investment Board. Presentation materials are on file with Pension Administration.

From 11 a.m. to noon Glenn Hill, Vice President of JP Morgan Alternative Investments, presented information and answered questions regarding funds of hedge funds and the JP Morgan Multi-strategy Fund and Arden Fund specifically. Presentation materials are on file with Pension Administration.

After a break for lunch Mark Meyerson calls the meeting to order and asks Paul Lutomski to summarize last quarter's February 24, 2006 meeting minutes. Don Taute moves to approve the minutes and Greg Sorensen seconds the motion. All members vote in favor.

Mark Meyerson moves to the next agenda item, asking Don Taute to brief the Board on the status of the pension funding ordinance that's going to in front of the City Council.

Paul Lutomski distributes printed copies of Bill 06-68 introduced by Jonathon Cook and the motion to amend introduced by Jon Camp.

Don Taute and John Cripe explain the first reading of Bill 06-68 was May 8th and public hearing was May 15th. Bill 06-68 mandates the City contribute Employer Normal Cost to the pension by August 31, 2009. The Motion to Amend mandates the City contribute the Actuarially Recommended Contribution (ARC) to the pension by August 31, 2009. The ARC is to be calculated to include Employer Normal Cost and amortize Unfunded Actuarially Accrued Liability (UAAL) over 25 years as does the Nebraska State Patrol DB plan. The motion to amend will be discussed in a public hearing June 5, 2006 and we have invited our actuary in case the Council has questions. Investment Board members also plan beneficiaries are encouraged to attend and voice their opinion.

The Board discusses Bill 06-68 and the Motion to Amend and notes that either funding mandate is better than the current situation. Bill 06-68 funding is compared to defined contribution plan

funding and is easier to budget and may accumulate to an overfunded status or remain in an underfunded status. It is expected that the actuary will support the Motion to Amend as that is the ARC. The goal of the public hearing is to keep an open dialogue with Council members to see what questions they might have and answer them.

The next meeting is scheduled tentatively for the first week in August.

Mark Meyerson asks if anyone has new business.

Michael Donnelly initiates a discussion about fiduciary insurance and Don Taute states he will research and price fiduciary insurance.

John Cripe initiates a discussion to review our actuarial assumptions. The Board agrees.

Mark Meyerson adjourns the meeting.